

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 L-03 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00
SSO-00 NSCE-00 SS-15 NSC-05 INRE-00 /054 W
-----311918Z 009396 /46

O P 311856Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 4556
INFO AMEMBASSY ATHENS PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09033

PASS CAB (WEST, RODRIGUEZ), DOT (KAMM), WHITE HOUSE
(JOHNSTON)
ATHENS FOR DOT ASSISTANT SECRETARY DAVENPORT

E.O. 11652: GDS
TAGS: EAIR, UK
SUBJECT: US-UK CIVAIR NEGOTIATIONS: REPORT ON MAY 31.

1. WORKING GROUP MET WITH UK GROUP TO DISCUSS US
RENEGOTIATION 47 (RESPONSE TO UK NORTH ATLANTIC ROUTE
PAPER 3 AND US POSITION ON THE "HEARTLAND ISSUES.")
UK GAVE IMPASSIONED STATEMENT OF DISSATISFACTION WITH
US "BOTTOM LINE" POSITION, STATING THAT PACKAGE IS
"COMPLETELY UNACCEPTABLE." US POSITION ON 5TH FREEDOM
RIGHTS, COMBINED WITH US ROUTING FLEXIBILITY BEYOND
LONDON AND LIBERAL CAPACITY PROCEDURES WERE MAJOR ISSUES
FOR SHOVELTON, WHO CLAIMED THAT US CARRIERS WOULD HAVE
"FANTASTIC OPPORTUNITIES", GREATER IN SOME RESPECTS THAN
THOSE IN EXISTING AGREEMENT.

2. SHOVELTON STATED THAT THIS WAS FANTASTIC PAPER TO
PUT ON TABLE AT THIS STAGE FO NEGOTIATIONS. HE HAD NOT
BEEN WORRIED BEFORE, BUT WAS WORRIED NOW ABOUT SITUATION.
HE STATED THAT US HAS AT VERY LATE STAGE INCREASED

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DEMANDS. US WAS STRONGEST NATION IN THE WORLD, AND
COULD "BULLY" UK. HE HOPED WE WOULD NOT OPERATE LIKE
THAT, BECAUSE IT WOULD LEAVE "BAD TASTE IN PEOPLES
MINDS". UK WAS "SMALLER BOY" TAKING ON "BIGGER BOY".
SHOVELTON ALSO SAID THAT HE WAS ANXIOUS TO SETTLE THE
MATTER AT THE PRESENT LEVEL AND HE HOPED THIS WOULD NOT
HAVE TO GO TO THE PRESIDENT AND THE PRIME MINISTER.

3. BOYD STATED THAT WE WERE TALKING ABOUT AN AGREEMENT THAT WOULD SERVE PUBLIC; WE WERE NOT ABOUT TO ACCEDE TO UK DEMANDS MERELY BECAUSE OF UK DISSATISFACTION WITH EXISTING BERMUDA.

4. SPECIFIC ISSUES DISCUSSED WERE: US 5TH FREEDOM, BLIND SECTOR BEYOND RIGHTS, MULTIPLE DESIGNATION OF US CARRIERS AT LOS ANGELES, SEATTLE RIGHTS FOR BRITISH AIRWAYS, MEASURES AND STANDARDS FOR CAPACITY MECHANISM, BERMUDA CAPACITY ARTICLE, BEHIND-GATEWAY DOMESTIC FLEXIBILITY FOR US CARRIERS. OPEN ISSUES OF CARIBBEAN ROUTES AND HK ROUTES ALSO RAISED BY UK.

5. ALSO DISCUSSED WAS US CHARTER LINKAGE PAPER (US 47). THIS WAS STATED TO BE UNACCEPTABLE TO UK. SHOVELTON PROPOSED THAT ANY NEW AIR SERVICE AGREEMENT BE SIGNED WITHOUT WAITING TO GET AGREEMENT ON CHARTER ARTICLE. WHILE UK WAS SYMPATHETIC TO US POSITION OF MORE LIBERAL CHARTER REGULATIONS, IT HAD TO LEAD ECAC SLOWLY TO SUCH A POSITION. SHOVELTON PROPOSED OPTIONS EITHER TO CONTINUE MEMORANDUM OF UNDERSTANDING OR GO TO SHORT TERM SEPARATE AGREEMENT.

6. CUSTOMS WORKING GRP (KUTZKE) MET TO DISCUSS GROUND EQUIPMENT. US RESTATED POINTS IN US RENEG 48. UK

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SSO-00 NSCE-00 SS-15 NSC-05 INRE-00 /054 W
-----311917Z 009386 /46

O P 311856Z MAY 77
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TO SECSTATE WASHDC IMMEDIATE 4557
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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09033

STATED THAT UNDER EEC REGS THEY ARE NOT PERMITTED TO EXCEPT FROM CUSTOMS DUTIES ARTICLES WHICH WERE NOT EXEMPTED PRIOR TO ENTRY INTO THE COMMON MARKET. SINCE GROUND EQUIPMENT WAS NOT EXEMPTED PRIOR TO ENTRY INTO EEC, IT COULD NOT BE EXEMPTED NOW. THIS IS A MATTER FOR EEC.

7. UK NOTED ITS "HIRE AND LOAN" PROCEDURES WHICH WOULD PERMIT INDIVIDUAL PIECES OF GROUND EQUIPMENT TO BE IMPORTED UNDER SPECIAL PERMISSION FOR PERIODS OF UP TO SIX MONTHS. US NOTED THAT SIX MONTHS WAS INADEQUATE. UK RECOGNIZED THAT HIRE AND LOAN WAS NOT THE ANSWER.

8. UK ALSO STATED THAT IT HAD A TARIFF POLICY OF PROTECTING UK GROUND EQUIPMENT MANUFACTURERS. (IN LIGHT OF EEC ISSUE THIS SEEMS TO BE OF LESSER SIGNIFICANCE.)

9. UK NOTED THAT DUTIES WERE SMALL (5-10 PERCENT) AND THAT UK HAD TWO MANUFACTURERS THAT COULD SUPPLY EQUIPMENT.

10. US POINTED OUT THAT EEC COULD GRANT EXEMPTIONS OR
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WAIVERS. UK SAID THIS IS SO BUT UK EXPERIENCE IS THAT A WAIVER WOULD BE UNLIKELY. ALSO EEC IS IN PROCESS OF REVIEWING ITS TRANSPORT EQUIPMENT POLICIES. FOR THIS REASON CHANGES ARE UNLIKELY DURING THE REVIEW.

11. COMMENT: IT APPEARS UNLIKELY THAT UK WILL AGREE TO EXEMPTING GROUND EQUIPMENT. BEST CHANCE MIGHT BE A UK COMMITMENT TO PRESS FOR LOW EEC TARIFFS OR EEC WIDE EXEMPTION ON GROUND EQUIPMENT. THIS IS PROBABLY A GENERAL ISSUE WHICH CAN NOT BE EFFECTIVELY TREATED IN AN AVIATION BILATERAL.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: CIVIL AVIATION, NEGOTIATIONS, FOREIGN POLICY POSITION, AIR ROUTES
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON09033
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: LONDON
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Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2414306
Secure: OPEN
Status: NATIVE
Subject: US-UK CIVAIR NEGOTIATIONS: REPORT ON MAY 31.
TAGS: EAIR, UK, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/f1cd428c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009